

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS AND LABOR**

**Call to Order:** By **CHAIRMAN JOE MCKENNEY**, on January 9, 2001 at 8:00 A.M., in Room 172 Capitol.

#### **ROLL CALL**

##### **Members Present:**

Rep. Joe McKenney, Chairman (R)  
Rep. Rod Bitney, Vice Chairman (R)  
Rep. Sylvia Bookout-Reinicke (R)  
Rep. Roy Brown (R)  
Rep. Nancy Fritz (D)  
Rep. Dave Gallik (D)  
Rep. Kathleen Galvin-Halcro (D)  
Rep. Dennis Himmelberger (R)  
Rep. Carol C. Juneau (D)  
Rep. Jim Keane (D)  
Rep. Rick Laible (R)  
Rep. Bob Lawson (R)  
Rep. John Musgrove (D)  
Rep. William Price (R)  
Rep. Allen Rome (R)  
Rep. Donald Steinbeisser (R)  
Rep. Brett Tramelli (D)  
Rep. James Whitaker (R)

**Members Excused:** Rep. Gary Matthews, Vice Chairman (D)

**Members Absent:** None.

**Staff Present:** Gordon Higgins, Legislative Branch  
Jane Nofsinger, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

##### **Committee Business Summary:**

Hearing(s) & Date(s) Posted: HB20, HB71, HB73, 1/6/2001  
Executive Action: HB20

HEARING ON HB20

Sponsor: REP. JIM SHOCKLEY. HD61, Ravalli

Proponents: Robert Throssell, Montana Association of Clerks and  
Recorders

Opponents: None

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Opening Statement by Sponsor:

REP. SHOCKLEY said the bill will do away with paying unemployment insurance for election judges. This used to be required but is no longer if the employee doesn't make more than \$1000 a year. HB20 was presented with amendments.

Proponent's Testimony:

Robert Throssell spoke in support of the bill.

Opponent's Testimony: None

Closing by Sponsor:

Rep. Shockley urged the committee to approve the bill.

HEARING ON HB71

Sponsor: REP. DAVE GALLIK, HD51, Helena

Proponents: Tom Schneider, MPEA

Opponents: None

Informational Witnesses: John McEwen, Department of  
Administration  
John Andrew, Department of Labor and  
Industry

Opening Statement by Sponsor:

REP. DAVE GALLIK, HD52, Helena said HB71 would clarify confusion as a result of current language as to whether certain individuals are subject to federal law or state law. This will provide coverage by the Montana Fair Labor Standard Act. There will also be an amendment to make sure the fire department, police and

state can use alternate work weeks to trigger eligibility rather than the 40 hour, five day week.

**Proponents' Testimony:**

**Tom Schneider** said there is confusion whether certain employees are covered by state or federal law. Passing this bill will let the enforcement come under the state rather than the federal government. He urged support of the amendment.

**Opponents' Testimony:** None

**Informational Witnesses:**

**John McEwen** said he was working on an amendment to exempt fire departments and law enforcement personnel.

**John Andrew** said there had been a problem with this section in the past and this bill would clarify the section.

**Questions from the Committee Members and Responses:** None

**Closing by Sponsor:**

**REP. GALLIK** said it is a good bill which will clear up confusion caused by the current language and urged the committee to pass HB71.

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**HEARING ON HB73**

**Sponsor:** REP. ROY BROWN, HD14, Billings

**Proponents:** Web Brown, Montana Chamber of Commerce  
Charles Brooks, Billings Chamber of Commerce  
Carl Schweitzer, Bozeman and Kalispell Chambers of Commerce  
Tom Daubert, self  
Mike Foster, Governor's Office  
Ed Maronick, Montana Contractor's Assn.  
Geoff Feiss, Montana Telecommunications Assn.  
Mary Whittinghill, Montana Taxpayers Association

**Opponents:** None

**Opening by Sponsor:**

**EXHIBIT (buh06a01)**

**REP. ROY BROWN, HD14, Billings**, presented HB73 which was at the request of the Interim Committee on Business and Labor. He called the bill the "full-cost accounting act" which would look at the true cost of government services to compare them to private enterprise. He said presently it is difficult to determine the hidden costs like maintenance, repairs and human services in government accounting. When private enterprise must include these costs in competing with government it is hard to compare the two. The act sets up a pilot program in six departments of government. Each is to pick 25% of their budget to conduct a full-cost accounting program. **REP. BROWN** told the committee this bill was important because the taxpayers and legislature need to know this information, and many government fees are commensurate with cost. He told the committee to remember that private enterprise also paid taxes which government does not.

**Proponents' Testimony:**

**Webb Brown** said he supported the bill and had testified to the Interim Committee. He said if the 25% budget study was a success and determined savings then the program could be expanded.

**Charles Brooks** felt this was an excellent opportunity to determine efficiency.

**Carl Schweitzer** said he felt this represented a key opportunity for increasing jobs in the private sector.

**Tom Daubert** said unless the government uses a full-cost accounting system no comparison with the private sector will ever be valid because some costs do not show up. Without a full-cost comparison it will look like government is cheaper even though it is not. He added anyone who pays taxes has an interest in making sure government is efficient and accountable.

**Mike Foster** said this bill is of great interest to Gov. Martz's administration which he said supported the idea of efficient government to save costs and provide better services. He mentioned some concerns about added costs in changing the accounting systems and made a reference to GASB34, a new rule which requires some form of fully allocated cost accounting. He hoped the committee could find a balance so the spirit of the bill could move forward and hold down administrative costs.

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**Questions from the committee and repsonses;**

**REP. MUSGROVE** asked **REP. BROWN** if there would be a financial impact. **REP. BROWN** replied that although some said it would be a tremendous financial impact, nowhere does the bill say we need to do this. He pointed out that many agencies already use this accounting even though the majority did not.

**REP. JUNEAU** asked **REP. BROWN** why certain agencies were chosen. **REP. BROWN** replied these are the departments the interim committee felt were the best ones for the program.

**REP. BOOKOUT-REINICKE** asked **REP. BROWN** why the State Fund was excluded. **REP. BROWN** replied there had been a tremendous amount of discussion concerning this and the decision was not unanimous. **REP. BOOKOUT-REINICKE** asked how the department will pick their 25%. **REP. BROWN** said it would be up to them. She asked how counties would be effected. **REP. BROWN** said local governments are exempted. Many witnesses from local government testified to the interim committee about using a full-cost accounting saying they were happy with the results.

**REP. GALVIN-HALCRO** said she was concerned with the fiscal notes and heard from Mr. Foster others were too. She asked why the Department of Agriculture was not included. **REP. BROWN** said she could amend it and get it in there.

**REP. KEANE** wanted to know how all the costs were figured in. **REP. BROWN** said what it costs to run a private business is everything that goes on in the business and use those costs and compare them.

**REP. JUNEAU** wanted to know the procedure for adding a fiscal note to the bill. **REP. BOOKOUT-REINICKE** replied it was okay to pass with the stipulation a fiscal note must be attached before the bill reaches the floor. **REP. JUNEAU** then requested a fiscal note be added to HB73.

**REP. GALLIK** asked what was used now if not full-cost accounting. He also wanted to know if there would be two accounting systems operating if the bill was passed. **REP. BROWN** said he didn't think there would be two. In fact, departments were already doing some form of this. This will tell us what costs should be added to the ones they have. According to GASB34 the accounting systems for government all around the country will be phased in beginning July 2002. Passing this bill will put us ahead of the game. Then

we can judge which is more efficient: government or private business.

**Ed Maronick** presented written testimony. **EXHIBIT**(buh06a02)

**Geoff Feiss** presented written testimony. **EXHIBIT**(buh06a03)

**Mary Whittinghill** presented written testimony. **EXHIBIT**(buh06a04)

**Closing by Sponsor:**

**REP. ROY BROWN** told the committee that sometimes change is difficult but HB73 will make government more efficient, more accountable and a better way to do the state's business.

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**EXECUTIVE ACTION ON HB71**

**REP. LAWSON** moved **HB20 DO PASS AS AMENDED. Motion Carried Unanimously. 17-0.**

**ADJOURNMENT**

Adjournment: 9:17 A.M.

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REP. JOE MCKENNEY, Chairman

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JANE NOFSINGER, Secretary

JM/JN

**EXHIBIT** (buh06aad)